

Message Text

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11

ACTION AID-31

INFO OCT-01 EA-11 ISO-00 TRSE-00 EB-11 IGA-02 IO-14

CIAE-00 INR-10 NSAE-00 RSC-01 DRC-01 /082 W

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R 200903Z MAR 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 0729

INFO AMEMBASSY BANGKOK

AMEMBASSY MANILA

AMEMBASSY VIENTIANE

C O N F I D E N T I A L TOKYO 3721

MANILA FOR USADB; BANGKOK FOR RED

E.O. 11652: GDS

TAGS: EAID, JA, LA

SUBJ: NAM NGUM PHASE TWO

REF: A. VIENTIANE 2180

B. STATE 052349

1. ON MARCH 20 EMBOFF MET UCHIDA, OFFICIAL IN CHARGE OF LAO-TIAN AFFAIRS, FIRST ECONOMIC COOPERATION DIVISION, FONOFF, TO REVIEW STATUS OF NAM NGUM PHASE TWO. UCHIDA, WHILE STRESSING FIRM GOJ INTENTION TO PARTICIPATE IN THIS PROJECT, EXPLAINED THAT DRAFT SECOND NAM NGUM DEVELOPMENT FUND AGREEMENT, 1974, DATED NOVEMBER 26, 1973, PRESENTS PROBLEMS OF WORDING FOR THE GOJ BY FAILING TO TAKE INTO ACCOUNT LEGAL FRAMEWORK WITHIN WHICH THE GOJ EXTENDS LOANS TO LDC'S. SPECIFICALLY, PROBLEM RELATES TO FACT THAT LENDING AGENCY IS OVERSEAS ECONOMIC COOPERATION FUND, AND NOT GOJ AS SUCH. IF LATTER WERE TO EXTEND LOAN IN AGREEMENT, AGREEMENT WOULD HAVE TO BE HANDLED AS TREATY REQUIRING DIET APPROVAL.

2. TO SOLVE THIS PROBLEM, UCHIDA SAID, FONOFF HAS PROPOSED TO ADB THAT PART OF FUND AGREEMENT PERTAINING TO JAPAN'S LOAN BE REDRAFTED. UNDER ARTICLE III, FONOFF PROPOSES NEW
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SUBPARAGRAPH WHICH WOULD CONTAIN WORDING TO THE EFFECT QTE

GOJ HEARBY CONFIRMS THAT OECF HAS AGREED TO EXTEND A LOAN TO LAOS ... UNQTE. FONOFF PLAN IS THAT SIMULTANEOUSLY WITH SIGNING OF FUND AGREEMENT, GOJ AND LAOTIAN GOVERNMENT WOULD EXCHANGE NOTES CONCERNING LOAN, AND OECF AND LAOTIAN GOVERNMENT WOULD EXECUTE LOAN AGREEMENT.

3. ADB WORKING LEVEL OFFICIAL (FISHER) VISITED TOKYO IN FEB FOR CONSULTATIONS ON GOJ PROBLEMS, AND EXPRESSED AGREEMENT WITH FONOFF APPROACH. FONOFF IS NOW AWAITING THIRD DRAFT OF FUND AGREEMENT WHICH WOULD INCORPORATE CHANGE. SINCE SECOND DRAFT WOULD BE VERY DIFFICULT FOR GOJ TO ACCEPT, FONOFF TRUSTS OTHER DONORS WILL FIND CHANGES ACCEPTABLE AND HOPES THAT AGREEMENT CAN BE FINALIZED AND INITIALED IN APRIL.
SHOESMITH

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Message Attributes

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